

The Director of Central Intelligence

Washington, D.C. 20505

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29 August 1988

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: Andre LeGallo
National Intelligence Officer for Counterterrorism

SUBJECT: Terrorism Warning and Forecast Meeting--August

1. The Terrorism Warning and Forecast Meeting was held on 19 August 1988. The following key judgments were derived from the discussion:

-- There is little hard evidence pointing to plans to disrupt the Seoul Olympics. Yet North Korea, the Japanese Red Army, radical Palestinian groups, Libya, and Iranian-backed elements, including Hizballah, all pose a threat, particularly outside the Olympics site.

-- Palestinian terrorism, particularly by the Abu Nidal Organization (ANO), poses a serious threat to US interests. A series of attacks in Cyprus, Bombay, Khartoum, and Greece indicate Abu Nidal has terminated his self-imposed moratorium on attacks outside Israel and the Occupied Territories. Abu Nidal has developed an active, global terrorist network, ranging as far as the Philippines, Sweden, and Peru.

-- In Peru, the threat level for US interests is high. Sendero Luminoso (SL) remains the largest, most widespread, and violent terrorist group in the country. SL links with narcotraffickers remain tenuous and, unlike Colombia, primarily involve low level personnel.

2. Olympics Update.

There is little hard evidence that terrorist groups or state sponsors intend to disrupt the Seoul Olympics. Yet a number of groups and states pose a serious threat, with North Korea heading the list. The threat from P'yongyang is extremely serious, since the North was unable to secure agreement to co-host the Games, failed to gain a boycott, and undoubtedly is jealous of Seoul's expanding links with other communist countries. South Korea's advanced position is validated by hosting the 1988 Olympics; thus North Korea refuses to accept the legitimacy of the Games. Fear, jealousy, and loss of face may prompt the North to carry out an incident prior to the Games to embarrass Seoul, and possibly reduce international attendance at the Games.

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P'yongyang has indicated [] that it will [] not disrupt the Olympics. But the potential threat from the North is such that it must be taken seriously. Reports indicate that North Korea continues to encourage Chosen Soren and South Korean students to disrupt the Games. But, while the students will continue opposing the government, there is no evidence of North Korean links. Nor is there evidence of North Korean plans for a spectacular attack, such as air strikes in the south.

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CIA believes the likelihood is high that Japanese activists will attack during the Games. There is fragmentary information on planning by Japanese Red Army (JRA) elements and the Abu Nidal Organization (ANO), but no specific threat was suggested. Any JRA attack would be indirect, likely away from the site of the Games, in view of the massive security arrangements there. One objective could be to secure release of JRA members incarcerated in Japan. The International Monetary Fund (IMF)/World Bank meeting in West Berlin 27-29 September--during the Games--offers an attractive opportunity to strike outside Korea.

Only limited evidence indicates that Palestinian groups would disrupt the Games. If these groups strike, the target will likely be away from the Olympics site against Israeli interests. Israeli teams participating in the Games could be a target; but they will be well protected.

CIA does not believe Libya poses a direct threat, but Qadhafi may sponsor terrorist groups which do pose a threat to the Games. Indeed, Qadhafi has submitted a late request to participate in the Games.

The threat from terrorist groups affiliated with Iran is low. Tehran has embarked on diplomatic initiatives to carve out new relations with the West; and the regime would not want to undermine these initiatives. Some reports indicate that Hizballah might plan to attack US interests; but the Olympics were not mentioned. Some letters have been received by airlines in Europe threatening attacks against them if they carry US and Israeli passengers to the Olympics.

Security measures by South Korea are very extensive. A special watch and visa policy was established to screen international visitors. But a visa-free policy covering states such as Iran, Libya and Syria that support terrorist groups is a weak point. []

[] Seoul has declared so-called "peace districts" in various sections that will remain in place until one month after the Games. In these "districts," no violence will be tolerated.

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During the Games, open events, such as marathons and cross-country cycling may be particularly vulnerable to violent incidents. Coastal security (and less guarded coastal transit points in Japan) will continue to be weak areas despite upgraded port and transport security.

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The Community believes that South Korea can adequately deal with internal and external violence within its borders. The more dangerous situation lies outside Korea, particularly at transit points like India, where security is more lax.

In Japan, heightened security measures went into effect in June. An additional \$38m was allocated to the National Police Agency for protection of the training sites in 27 Prefectures. Japanese security forces are well-organized and efficient and are likely to be able to handle terrorist or radical group threats. Traditional distrust between Korea and Japan may weaken overall cooperation on security issues, although we have seen no reporting to indicate problems at this time.

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3. Update on Palestinian Terrorism.

The primary radical Palestinian threat to US interests is the Abu Nidal Organization (ANO). Despite the evolution of competing factions in the organization, ANO's activities have not slowed, since the upsurge beginning in the spring. The City of Poros attack in Greece is only the latest in a series of terrorist attacks by ANO operatives since last May. The attack in Greece was likely not related to the downing of Iran Air Flight 655 as some reports have suggested, but more likely was related to Abu Nidal's efforts to influence ANO negotiations with Greece which included release of his operatives in custody there as well as scuttle the Arab-Israeli peace process.

Recent attacks in Cyprus, Bombay, Khartoum, and Greece seem to indicate Abu Nidal has made a conscious decision to resume terrorist attacks. A splinter group probably would not be able to coordinate and develop the support arrangements, including funding, for these attacks. The ANO has branched out globally, establishing a presence in such diverse locations as the Philippines, Peru, and Sweden. And there may be other locations that are unknown to the Community.

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Recent ANO activities have served to strain relations with the Algerian government. Following the attack in Athens, and the discovery of ANO operatives in Lima who were supported from the ANO office in Algiers, the Algerian government will likely clamp down on ANO activities there. Abu Nidal reportedly is also concerned that Qadhafi's ostensible interest in improving ties with the West, and the US in particular, will place a strain on Libyan-ANO relations. There is no evidence of direct Libyan involvement in the City of Poros attack. The weapons were likely provided a few years ago; and, while ANO operative Khadr (Raphael), the prime suspect in the incident,

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was traveling on a Libyan passport, the document was issued in 1985. He was tied to Libyan intelligence in the past, however, and these ties may still exist. [REDACTED]

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Other Palestinian terrorist groups are expected to be less active in the next few months, at least until after the Palestinian National Congress (PNC) in September, providing Arafat can maintain control. However, groups like ANO, who refuse to negotiate or make concessions, will be even more dangerous. Although some analysts have suggested the ANO will try reconciliation during the PNC, INR does not foresee a successful reintegration of the group. State intelligence analysts believe these more radical elements will be more dangerous, seeking to counter Arafat's conciliatory efforts. Even if the PLO is unified, it is unlikely that Israel will move positively, thereby increasing frustration among factions such as Abu Abbas' Palestinian Liberation Front, Force 17, Western Sector, and Hawari.

After the PNC, a more dangerous situation will prevail. Reporting indicates that radical Palestinian elements have made contingency plans to conduct terrorist attacks in Europe and elsewhere; they are probably ready to act if they choose to do so. The next few months will be important to the future of the Palestinian movement. Arafat will be under heavy pressure to appease his more radical elements in the PLO. INR believes, however, that Arafat will adhere to a moderate sounding line.

Palestinian groups supported by Syria, such as the PFLP-GC, are unlikely to be encouraged by Assad to strike at Western interests. Yet the question is less one of control than capabilities; thus attacks can not be ruled out.

Since 1986, Colonel Hawari's group has been heavily involved in activities in Lebanon. Recent reports indicate he is planning attacks against Syrian interests there. While Hawari may be willing to put some pressure on Greece (including implicit threats) in an effort to gain the release of key operative Muhammad Rashid, he is unlikely to launch terrorist attacks against Greece at this time.

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4. Peru.

DIA believes the threat to US permanent and transient personnel in Peru is high and will remain so for the foreseeable future. The Sendero Luminoso (SL) is the largest, most widespread and violent terrorist group in Peru. Changing its tactics, SL is increasing its political involvement, including recruiting and organizing in labor unions, universities, and Lima's shanty towns. SL activities in Lima are becoming more open, such as engaging in protest or commemorative marches, riots, and strikes.

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The incidence of SL violence remains high against politicians and government officials, and against the economic infrastructure. The group has been particularly active since March except in Lima, where there is a general lull in SL-directed violence since the 12 June arrest of Osman Morote (believed to be the group's second in command).

There is little evidence that Morote's capture was the result of internal problems, but the lull in activity in the capital indicates that his removal was a blow to the group. Retaliation has been minimal to date, but any setback is likely to be temporary. The SL can continue to disrupt life in Lima, by hitting power and communications facilities.

DIA believes the interview of SL leader Abimael Guzman in the pro-SL "El Diario" is authentic. Three points should be highlighted: 1) Revisionism is any attempt to modify his thoughts or his position in the group. Guzman is paramount. 2) He manifests more interest in the Soviet Union and the PRC than the US. The group remains more anti-foreign than specifically anti-US. 3) Primary emphasis will remain on the countryside and on carrying the revolution to the cities. More preparation must be done in the cities.

In their relations with the narcotraffickers, the SL use the coca issue to gain support among the peasants--they claim they are being cheated on prices, and that the use of herbicides should be condemned. There is some extortion of the traffickers at the lower levels. The links between SL and the traffickers is tenuous, ranging from limited cooperation to armed confrontation. Their ties appear to be personality based and primarily involve low level personnel.

The other major Peruvian terrorist group, the MRTA (Movimiento Revolucionario Tupac Amaru) consists of several hundred personnel who operate primarily in Lima. MRTA attacks have been increasing the last few months--including attacks on US interests, such as the binational centers and the US Ambassador's residence.

MRTA appears to be suffering from leadership, support and ideological problems. The murder of a hospitalized MRTA member in Lima on 1 June [] highlights the internal differences. Some members believe the leadership is not sufficiently committed to violent actions. This sentiment and the rivalry MRTA feels towards SL may be driving the group to take more aggressive action.

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Most MRTA terrorist attacks have been bombings, traditionally designed to avoid personal injury. Developments in the groups could lead to the broader use of assassinations and possibly kidnappings, but at this time the leadership does not want to be seen as advocating excessive violence, as is SL.

On 28 July, President Garcia called for increased counterterrorist efforts. But continued rivalries within the government, among government officials, the military and the police, has inhibited effective action. No

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all-encompassing strategy has been developed leading to strains on democratic rule. The poor economic situation results in a lack of resources.

It appears that vigilantes and paramilitary groups are fighting terrorists with terrorist tactics. On 28 July, Manuel (Febres), the pro-SL lawyer defending Morote, was murdered. A group called the Comando Democratico Rodrigo Franco claimed responsibility for the killing. This group has also damaged the gravesite of an SL member in Ayacucho and commenced hanging dogs (as does SL) as a warning sign to promote fear--thus seeking to turn the tables on the terrorists. These paramilitary forces whose affiliation is unknown, are also suspected of making threats against non-SL members.

These events foreshadow further polarization in Peru and will likely lead to a more dangerous threat environment. Terrorist groups will continue to target US interests. US personnel also could be involved in an incident by being in the wrong place at the wrong time. The killing of a US AID subcontractor on 13 June marks the first time a US worker has been killed. We are unsure whether he was killed because he was a US citizen or because he was working on a government development project. There is no information indicating the SL has embarked on an anti-US assassination campaign. But US personnel, such as those involved in rural development projects and anti-narcotics efforts, are at high risk.

The radical left in Peru believes the US is significantly involved in the government's counterinsurgency campaign. The issue is played up in the local press. Such perceptions could lead to increased anti-US targeting.

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SUBJECT: August Warning Agenda

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